

# HOUSE BILL No. 1789

## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 4-12; IC 6-2.5; IC 6-3.1; IC 20-1-18.7; IC 20-10.1-25.4; IC 22-4-18.1; IC 22-4.1.

**Synopsis:** Indiana technology talent fund. Creates the state technology advancement and retention (STAR) account to advance technology and retain graduates in Indiana. Provides for a tax on the wholesale sale of tangible personal property to vending machine operators and uses the proceeds of the tax to fund STAR. Programs involved include school to work tax credit, internship tax credit, funding for the statewide partnership fund, technology grants, minority training grants, apprenticeship grants, back home in Indiana grants, and grants for the smart Indiana school smart partnership. Makes an appropriation.

**Effective:** Upon passage; January 1, 2003 (retroactive); July 1, 2003; January 1, 2004.

**Hasler**

January 21, 2003, read first time and referred to Committee on Technology, Research and Development.

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First Regular Session 113th General Assembly (2003)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2002 Regular or Special Session of the General Assembly.

## HOUSE BILL No. 1789

A BILL FOR AN ACT to amend the Indiana Code concerning state and local administration and to make an appropriation.

*Be it enacted by the General Assembly of the State of Indiana:*

1       SECTION 1. IC 4-12-10-3, AS ADDED BY P.L.26-2001,  
2       SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3       JULY 1, 2003]: Sec. 3. (a) The Indiana economic development  
4       partnership fund is established to provide grants for economic  
5       development initiatives that support the following:

6           (1) The establishment of regional technology **and**  
7           **entrepreneurship** centers for the creation of high technology  
8           companies and for the support of workforce development.

9           (2) The providing of leadership and technical support necessary  
10          for the centers' start-up operations and long term success.

11          (3) The expansion of the Purdue Technical Assistance Program  
12          **to other higher education institutions** in ten (10) geographic  
13          regions of Indiana.

14          (4) The creation of a rural/community economic development  
15          regional outreach program by Purdue University.

16          (5) The expansion of workforce development for high technology  
17          business development through the centers.



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(b) The fund shall be administered by the budget agency. The fund consists of appropriations from the general assembly and gifts and grants to the fund.

(c) **In addition to other appropriations, the fund shall receive fifteen percent (15%) of the balance in the state technology advancement and retention account established by IC 4-12-11-1.**

(d) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested.

~~(d)~~ (e) The money in the fund at the end of a state fiscal year does not revert to the state general fund but remains in the fund to be used exclusively for the purposes of this chapter.

SECTION 2. IC 4-12-11 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: **Chapter 11. State Technology Advancement and Retention (STAR) Account**

**Sec. 1. The state technology advancement and retention (STAR) account is established within the state general fund. The budget agency shall administer the account. The purpose of the account is to provide funding for programs within Indiana that:**

- (1) are designed to advance and retain technology related enterprises within Indiana; and**
- (2) are designed to train and retain students with an emphasis on technology.**

**Sec. 2. The STAR account shall be administered by the budget agency.**

**Sec. 3. The account consists of the money collected from vending machine items under IC 6-2.5-7.5 and transfers made in compliance with section 6 of this chapter.**

**Sec. 4. The treasurer of state shall invest the money in the account not currently needed to meet the obligations of the account in the same manner as other public funds may be invested.**

**Sec. 5. Money in the account at the end of a state fiscal year does not revert to the state general fund but remains in the account to be used for the purposes of this chapter.**

**Sec. 6. Money in the account is annually appropriated in the following percentages:**

- (1) Thirty-five percent (35%) to fund the certified school to career program payroll credit under IC 6-3.1-27 and IC 22-4.1-7;**
- (2) Ten percent (10%) to fund the certified internship program payroll credit under 6-3.1-25 and IC 22-4.1-7;**

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(3) Fifteen percent (15%) to fund the Indiana economic development partnership fund under IC 4-12-10;

(4) Ten percent (10%) for minority training program grants under IC 22-4-18.1-11;

(5) Fifteen percent (15%) for technology apprenticeship grants under IC 20-1-18.7;

(6) Ten percent (10%) for the back home in Indiana program under IC 22-4-18.1-12; and

(7) Five percent (5%) for the Indiana schools smart partnership under IC 20-10.1-25.4.

**Sec. 7. Expenses for:**

(1) administering the account; and

(2) administering any of the programs funded from the account;

may be taken from the account but may not exceed two percent (2%). Administrative expenses taken from the account must be approved by the budget agency.

SECTION 3. IC 6-2.5-5-39 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 39. Except for the exemption under section 17 of this chapter for sales of newspapers, an exemption under this chapter does not apply to a transaction described in IC 6-2.5-7.5.**

SECTION 4. IC 6-2.5-6-7, AS AMENDED BY P.L.192-2002(ss), SECTION 60, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003 (RETROACTIVE)]: **Sec. 7. Except as otherwise provided in IC 6-2.5-7, IC 6-2.5-7.5, or in this chapter, a retail merchant shall pay to the department, for a particular reporting period, an amount equal to the product of:**

(1) six percent (6%); multiplied by

(2) the retail merchant's total gross retail income from taxable transactions made during the reporting period.

The amount determined under this section is the retail merchant's state gross retail and use tax liability regardless of the amount of tax he actually collects.

SECTION 5. IC 6-2.5-7.5 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

**Chapter 7.5. Collection and Remittance of State Gross Retail Tax on Vending Machine Items**

**Sec. 1. As used in this chapter, "tangible personal property" means goods, wares, merchandise, or other property sold through a vending machine. The term does not include cigarettes, cigars, or**



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1 other tobacco related products.

2 Sec. 2. As used in this chapter, "vending machine" means a  
3 mechanical or an electronic device or a receptacle designed:

4 (1) to receive a coin or currency; and

5 (2) to dispense tangible personal property in return for the  
6 insertion or deposit of the coin or currency.

7 Sec. 3. As used in this chapter, "vending machine operator"  
8 means a person that sells tangible personal property through a  
9 vending machine.

10 Sec. 4. (a) This section applies to a transaction involving the  
11 wholesale sale of tangible personal property to a vending machine  
12 operator for resale by the vending machine operator through a  
13 vending machine.

14 (b) Notwithstanding IC 6-2.5-4-2(a), a person is not a retail  
15 merchant making a retail transaction when the person makes a  
16 wholesale sale of tangible personal property to a vending machine  
17 operator for resale through a vending machine.

18 (c) In a transaction to which this section applies, the vending  
19 machine operator shall remit to the department the amount of  
20 state gross income tax due on the transaction, as calculated under  
21 subsection (d), that would otherwise be collected and remitted by  
22 the person making the wholesale sale to the vending machine  
23 operator. The vending machine operator shall remit the tax due  
24 under this section to the department in the manner and on a form  
25 prescribed by the department.

26 (d) For a transaction to which this section applies, the vending  
27 machine operator shall remit to the department an amount equal  
28 to the product of:

29 (1) six percent (6%); multiplied by

30 (2) the total gross retail income generated in the transaction  
31 and received by the person making the wholesale sale to the  
32 vending machine operator, multiplied by one hundred twenty  
33 percent (120%).

34 The amount determined under this section is considered the state  
35 gross retail tax liability of the vending machine operator.

36 (e) A person that makes a wholesale sale to one (1) or more  
37 vending machine operators under this section during a period, the  
38 duration of which shall be determined by the department, shall  
39 submit a report concerning the sales for the period to the  
40 department in the manner and on a form prescribed by the  
41 department. A report under this subsection must include the  
42 following:

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(1) The total gross retail income received from each vending machine operator during the reporting period.

(2) The retail merchant certificate number of each vending machine operator to whom the person made a wholesale sale during the reporting period.

(3) Any other information that the department requires.

Sec. 5. In administering this chapter, the department may allow:

(1) a vending machine operator to report and remit the tax determined under section 4(d) of this chapter; or

(2) a person making a wholesale sale to a vending machine operator to file the report required under section 4(e) of this chapter;

in conjunction with filing periodic returns under IC 6-2.5-6. The department may adopt rules under IC 4-22-2 to implement this chapter.

SECTION 6. IC 6-3.1-25 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003 (RETROACTIVE)]:

**Chapter 25. Certified Internship Program Payroll Credit**

Sec. 1. As used in this chapter, "certified internship program" has the meaning set forth in IC 22-4.1-7-1.

Sec. 2. As used in this chapter, "department" has the meaning set forth in IC 6-3-1-4.

Sec. 3. As used in this chapter, "employer" means any individual or type of organization, including the state and all its political subdivisions, that has in its employ at least one (1) individual, not including any students employed through a certified internship program under IC 22-4.1-7.

Sec. 4. As used in this chapter, "pass through entity" means:

(1) a corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2);

(2) a partnership;

(3) a limited liability company; or

(4) a limited liability partnership.

Sec. 5. As used in this chapter, "payroll expenditures" means the wages actually paid by an employer to a student participating in a certified internship program under IC 22-4.1-7.

Sec. 6. As used in this chapter, "state tax liability" means a taxpayer's total tax liability that is incurred under:

(1) IC 6-3-1 through IC 6-3-7 (adjusted gross income tax);

(2) IC 6-5.5 (financial institutions tax); and

(3) IC 27-1-18-2 (insurance premiums tax);

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as computed after the application of the credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

Sec. 7. As used in this chapter, "student" has the meaning set forth in IC 22-4.1-7-4.

Sec. 8. As used in this chapter, "taxpayer" means an employer that employs at least one (1) student through a certified internship program under IC 22-4.1-7.

Sec. 9. (a) A taxpayer is entitled to a credit against the taxpayer's state tax liability for the payroll expenditures paid by the taxpayer in the taxable year. To be eligible for the credit provided by this section, a taxpayer's payroll expenditures must have been made to a student participating in an internship program that was certified under IC 22-4.1-7 not later than the last day of the year immediately preceding the taxable year for which the taxpayer claims the credit.

(b) Subject to the limitations under section 13 of this chapter, the amount of the credit is equal to the total of the taxpayer's payroll expenditures that are eligible for the credit under subsection (a) in the taxable year multiplied by twenty percent (20%).

Sec. 10. (a) If the amount determined under section 9(b) of this chapter for a taxpayer in a taxable year exceeds the taxpayer's state tax liability for that taxable year, the taxpayer may carry the excess over to the following taxable years. The amount of the credit carryover from a taxable year shall be reduced to the extent that the carryover is used by the taxpayer to obtain a credit under this chapter for any subsequent taxable year. A taxpayer is not entitled to a carryback.

(b) A taxpayer is entitled to a refund of any unused credit.

Sec. 11. If a pass through entity does not have state income tax liability against which the tax credit may be applied, a shareholder, partner, or member of the pass through entity is entitled to a tax credit equal to:

(1) the tax credit determined for the pass through entity for the taxable year; multiplied by

(2) the percentage of the pass through entity's distributive income to which the shareholder, partner, or member is entitled.

Sec. 12. To receive the credit provided by this chapter, a taxpayer must claim the credit on the taxpayer's state tax return in the manner prescribed by the department. The taxpayer must

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submit to the department proof of payment of the payroll expenditures and all information that the department determines is necessary for the calculation of the credit provided by this chapter.

Sec. 13. The department shall record the time of filing of each application for allowance of a credit under section 12 of this chapter and shall approve the applications if the applicant otherwise qualifies for a tax credit under this chapter in the chronological order in which the applications are filed. However, the department may not approve any application in a state fiscal year if the total amount of allowable credits approved in the fiscal year exceeds ten percent (10%) of the amount in the state technology advancement and retention account established in IC 4-12-11-1. However, if an applicant for whom a credit has been approved fails to file the statement of proof of payment required under section 12 of this chapter, an amount equal to the credit previously allowed or set aside for the applicant may be allowed to any subsequent applicant in the year. In addition, the department may, if the applicant requests, approve a credit application, in whole or in part, with respect to the next succeeding state fiscal year.

SECTION 7. IC 6-3.1-27 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]:

**Chapter 27. Certified School to Career Program Payroll Credit**

Sec. 1. As used in this chapter, "certified program" has the meaning set forth in IC 22-4.1-8-1.

Sec. 2. As used in this chapter, "participant" has the meaning set forth in IC 22-4.1-8-4.

Sec. 3. As used in this chapter, "pass through entity" means:

- (1) a corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2);
- (2) a partnership;
- (3) a limited liability company; or
- (4) a limited liability partnership.

Sec. 4. As used in this chapter, "payroll expenditures" means the base wages actually paid by an employer to a participant in a certified program plus the amount held in trust to be applied toward the participant's postsecondary education.

Sec. 5. As used in this chapter, "state tax liability" means a taxpayer's total tax liability that is incurred under:

- (1) IC 6-3-1 through IC 6-3-7 (adjusted gross income tax);

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1           (2) IC 6-5.5 (financial institutions tax); and  
 2           (3) IC 27-1-18-2 (insurance premiums tax);  
 3 as computed after the application of the credits that under  
 4 IC 6-3.1-1-2 are to be applied before the credit provided by this  
 5 chapter.

6           Sec. 6. (a) A taxpayer is entitled to a credit against the  
 7 taxpayer's state tax liability for the payroll expenditures (as  
 8 defined in section 4 of this chapter) made by the taxpayer in a state  
 9 fiscal year.

10           (b) Subject to the limitations under subsection (c) and section 10  
 11 of this chapter, the amount of the credit is equal to the taxpayer's  
 12 payroll expenditures in the state fiscal year for a participant  
 13 multiplied by twenty percent (20%).

14           (c) The credit is limited to the first four hundred (400) hours of  
 15 payroll expenditures per participant for each state fiscal year the  
 16 participant is in the certified program, not to exceed two (2) years  
 17 per participant.

18           Sec. 7. (a) If the amount determined under section 6(b) of this  
 19 chapter for a taxpayer in a state fiscal year exceeds the taxpayer's  
 20 state tax liability for the taxable year for which the taxpayer files  
 21 a return claiming the credit allowed under this chapter, the  
 22 taxpayer may carry the excess over to the following taxable years.  
 23 The amount of the credit carryover from a taxable year shall be  
 24 reduced to the extent that the carryover is used by the taxpayer to  
 25 obtain a credit under this chapter for any subsequent taxable year.  
 26 A taxpayer is not entitled to a carryback.

27           (b) A taxpayer is not entitled to a refund of any unused credit.

28           Sec. 8. If a pass through entity does not have state income tax  
 29 liability against which the tax credit may be applied, a shareholder,  
 30 member, or partner of the pass through entity is entitled to a tax  
 31 credit equal to:

32           (1) the tax credit determined for the pass through entity for  
 33 the taxable year; multiplied by

34           (2) the percentage of the pass through entity's distributive  
 35 income to which the shareholder, member, or partner is  
 36 entitled.

37           Sec. 9. To receive a credit under this chapter, a taxpayer must  
 38 submit an application to the department before September 1. The  
 39 application must contain proof of payment of the payroll  
 40 expenditures in the preceding state fiscal year and all information  
 41 that the department determines is necessary for the calculation of  
 42 the credit provided by this chapter.

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1       **Sec. 10. (a)** The department shall record the time of filing of  
 2 each application for allowance of a credit under section 9 of this  
 3 chapter and shall approve the applications if the applicant  
 4 otherwise qualifies for a tax credit under this chapter in the  
 5 chronological order in which the applications are filed. The  
 6 department shall notify each applicant before December 1 of the  
 7 department's approval or disapproval of the applicant's  
 8 application.

9       **(b)** When the total credits approved under this section equal the  
 10 maximum amount allowable in a state fiscal year, no application  
 11 filed later for that same fiscal year shall be approved. However, if  
 12 an applicant for whom a credit has been approved fails to claim a  
 13 credit on the taxpayer's tax return as required under section 11 of  
 14 this chapter, an amount equal to the credit previously allowed or  
 15 set aside for the applicant may be allowed to any subsequent  
 16 applicant in the year.

17       **Sec. 11.** A taxpayer whose application is approved under section  
 18 10 of this chapter must claim the credit on the taxpayer's annual  
 19 state tax return in the manner prescribed by the department.

20       **Sec. 12.** The credit provided by this chapter applies to payroll  
 21 expenditures made in a state fiscal year beginning after June 30,  
 22 2004.

23       **Sec. 13.** The total amount of tax credits approved under this  
 24 chapter in a state fiscal year may not exceed thirty-five percent  
 25 (35%) of the amount in the state technology advancement and  
 26 retention account established by IC 4-12-11-1.

27       SECTION 8. IC 20-1-18.7 IS ADDED TO THE INDIANA CODE  
 28 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
 29 JULY 1, 2003]: Chapter 18.7. Technology Apprenticeship Grants

30       **Sec. 1.** As used in this chapter, "department" refers to the  
 31 department of education established by IC 20-1-1.1-2.

32       **Sec. 2.** As used in this chapter, "program" refers to the  
 33 technology apprenticeship grant program established by section 3  
 34 of this chapter.

35       **Sec. 3.** The technology apprenticeship grant program is  
 36 established. The department, with the advice of the department of  
 37 labor established by IC 22-1-1-1 shall administer the program.

38       **Sec. 4.** The department, working with the department of labor,  
 39 shall develop a grant program to provide grants for  
 40 apprenticeships that is designed to develop the skills of apprentices  
 41 in the area of technology.

42       **Sec. 5.** The department, with the department of labor, shall

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1 develop standards for the issuance of grants to businesses and  
 2 unions that are working to enhance the technology skills of  
 3 apprentices.

4 **Sec. 6. The program shall be funded with fifteen percent (15%)**  
 5 **of the balance in the state technology advancement and retention**  
 6 **account established by IC 4-12-11-1.**

7 SECTION 9. IC 20-10.1-25.4 IS ADDED TO THE INDIANA  
 8 CODE AS A NEW CHAPTER TO READ AS FOLLOWS  
 9 [EFFECTIVE JULY 1, 2003]:

10 **Chapter 25.4. Smart Partnership Grants**

11 **Sec. 1. The department shall establish guidelines for making**  
 12 **grants to the Indiana schools smart partnership, which is**  
 13 **established to create partnerships between schools and local**  
 14 **businesses to make the curriculum of math and science relevant to**  
 15 **the students.**

16 **Sec. 2. The grants for the Indiana schools smart partnership**  
 17 **shall be funded by a distribution of five percent (5%) of the**  
 18 **amount in the state technology advancement and retention account**  
 19 **established by IC 4-12-11-1.**

20 SECTION 10. IC 22-4-18.1-3 IS AMENDED TO READ AS  
 21 FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 3. The state human  
 22 resource investment council is established pursuant to 29 U.S.C. 1501  
 23 et seq. to do the following:

24 (1) Review the services and use of funds and resources under  
 25 applicable federal programs and advise the governor on methods  
 26 of coordinating the services and use of funds and resources  
 27 consistent with the laws and regulations governing the particular  
 28 applicable federal programs.

29 (2) Advise the governor on:

30 (A) the development and implementation of state and local  
 31 standards and measures; and

32 (B) the coordination of the standards and measures;

33 concerning the applicable federal programs.

34 (3) Perform the duties as set forth in federal law of the particular  
 35 advisory bodies for applicable federal programs described in  
 36 section 4 of this chapter.

37 (4) Identify the human investment needs in Indiana and  
 38 recommend to the governor goals to meet the investment needs.

39 (5) Recommend to the governor goals for the development and  
 40 coordination of the human resource system in Indiana.

41 (6) Prepare and recommend to the governor a strategic plan to  
 42 accomplish the goals developed under subdivisions (4) and (5).

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(7) Monitor the implementation of and evaluate the effectiveness of the strategic plan described in subdivision (6).

(8) Advise the governor on the coordination of federal, state, and local education and training programs and on the allocation of state and federal funds in Indiana to promote effective services, service delivery, and innovative programs.

**(9) Administer the minority training grant program established by section 11 of this chapter.**

**(10) Administer the back home in Indiana program established by section 12 of this chapter.**

(11) Any other function assigned to the council by the governor with regard to the study and evaluation of Indiana's human service delivery system.

SECTION 11. IC 22-4-18.1-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 4. (a) The council shall serve as the state advisory body required under the following federal laws:

(1) The Job Training Partnership Act under 29 U.S.C. 1501 et seq.

(2) The Wagner-Peyser Act under 29 U.S.C. 49 et seq.

(3) The Carl D. Perkins Vocational and Applied Technology Act under 20 U.S.C. 2301 et seq.

(4) The Adult Education Act under 20 U.S.C. 1201 et seq.

(b) In addition, the council may be designated to serve as the state advisory body required under any of the following federal laws upon approval of the particular state agency directed to administer the particular federal law:

(1) The National and Community Service Act of 1990 under 42 U.S.C. 12501 et seq.

(2) Part F of Title IV of the Social Security Act under 42 U.S.C. 681 et seq.

(3) The employment and training program established under the Food Stamp Act of 1977 under 7 U.S.C. 2015(d)(4).

**(c) The council shall administer the minority training grant program established by section 11 of this chapter and the back home in Indiana program established by section 12 of this chapter.**

SECTION 12. IC 22-4-18.1-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 7. (a) Except as provided in subsections (b) and (c) and subject to the approval of the commissioner of workforce development, the state personnel department, and the budget agency, the council may employ professional, technical, and clerical personnel necessary to carry out

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the duties imposed by this chapter from funds available under applicable federal and state programs, appropriations by the general assembly for this purpose, **funds in the state technology advancement and retention account established by IC 4-12-11-1** and any other funds (other than federal funds) available to the council for this purpose.

(b) Subject to the approval of the commissioner of workforce development and the budget agency, the council may contract for services necessary to implement this chapter.

(c) The budget agency shall serve as the fiscal agent for the distribution of all funds of the council.

SECTION 13. IC 22-4-18.1-11 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: **Sec. 11. (a) The council shall develop a program to provide grants for minority training programs for minority students. The grants must be used for programs designed to enhance training in technology advancement for minority students.**

(b) The council shall adopt policies under which recipients may apply for and receive the grants.

(c) The grants shall be funded by a distribution of ten percent (10%) of the amount in the state technology advancement and retention account established by IC 4-12-11-1.

SECTION 14. IC 22-4-18.1-12 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: **Sec. 12. (a) The council shall develop a program to provide for grants or contracts to develop a back home in Indiana program. The program must provide a system to track students who have graduated from private and public colleges and universities in Indiana. The program must include a means of periodically contacting these graduates to inform them of job opportunities in Indiana.**

(b) The council shall work with the colleges and universities in Indiana to develop the tracking system.

(c) The grants or contracts shall be funded by a distribution of ten percent (10%) of the amount in the state technology advancement and retention account established by IC 4-12-11-1.

SECTION 15. IC 22-4.1-7 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

#### **Chapter 7. Certified Internship Programs**

**Sec. 1. As used in this chapter, "certified internship program"**



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1 refers to an internship program that is certified by the department,  
 2 in consultation with the department of education, under section 5  
 3 of this chapter.

4 Sec. 2. As used in this chapter, "employer" has the meaning set  
 5 forth in IC 22-8-1.1-1.

6 Sec. 3. As used in this chapter, "institution of higher learning"  
 7 has the meaning set forth in IC 20-12-70-4.

8 Sec. 4. As used in this chapter, "student" means an individual  
 9 who is enrolled at an institution of higher learning on at least a  
 10 part-time basis.

11 Sec. 5. (a) An institution of higher learning that seeks  
 12 certification for an internship program under this chapter shall  
 13 submit an application for certification to the department on a form  
 14 prescribed by the department.

15 (b) The department, in consultation with the department of  
 16 education, shall certify an internship program under this chapter  
 17 if the program:

18 (1) is operated or administered by an institution of higher  
 19 learning or a department, school, or program within an  
 20 institution of higher learning;

21 (2) integrates a particular curriculum or course of study  
 22 offered at the institution of higher learning with career  
 23 internships provided by employers;

24 (3) places students in career internships provided by  
 25 employers;

26 (4) requires participating students to meet certain academic  
 27 standards established by rule by the department in  
 28 consultation with the department of education;

29 (5) requires employers to provide to participating students  
 30 the:

31 (A) supervision; and

32 (B) payroll and personnel services;

33 that the employers provide to their regular part-time  
 34 employees, if any;

35 (6) is designed to provide an internship experience that  
 36 enriches and enhances the classroom experience of  
 37 participating students;

38 (7) requires employers to comply with all state and federal  
 39 laws pertaining to the workplace; and

40 (8) complies with any other requirement adopted by rule by  
 41 the department after consultation with the department of  
 42 education.

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1       **Sec. 6.** A certified internship program may allow a student to  
 2 participate in an internship at any time during the year, including  
 3 the summer, as long as the student remains enrolled at the  
 4 institution of higher learning that operates or administers the  
 5 certified internship program.

6       **Sec. 7.** The department, in consultation with the department of  
 7 education, may adopt rules under IC 4-22-2 to implement this  
 8 chapter.

9       SECTION 16. IC 22-4.1-8 IS ADDED TO THE INDIANA CODE  
 10 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
 11 JULY 1, 2003]:

12       **Chapter 8. Certified School to Career Programs**

13       **Sec. 1.** As used in this chapter, "certified program" means a  
 14 school to career program approved by the department in  
 15 conjunction with the department of education that is conducted  
 16 under an agreement under this chapter and that:

- 17       (1) integrates a secondary school curriculum with private
- 18       sector job training;
- 19       (2) places students in job internships; and
- 20       (3) is designed to continue into postsecondary education and
- 21       results in teaching new skills and adding value to the wage
- 22       earning potential of participants and increasing their long
- 23       term employability in Indiana.

24       **Sec. 2.** As used in this chapter, "department" means the  
 25 department of commerce.

26       **Sec. 3.** As used in this chapter, "institution of higher learning"  
 27 has the meaning set forth under IC 20-12-70-4.

28       **Sec. 4.** As used in this chapter, "participant" means an  
 29 individual who:

- 30       (1) is at least sixteen (16) years of age and less than
- 31       twenty-four (24) years of age;
- 32       (2) is enrolled in a public or private secondary or
- 33       postsecondary school; and
- 34       (3) participates in a certified program as part of the
- 35       individual's secondary or postsecondary school education.

36       **Sec. 5.** As used in this chapter, "sponsor" means an individual,  
 37 a person, an association, a committee, an organization, or other  
 38 entity operating a certified program and in whose name the  
 39 certified program is registered or approved.

40       **Sec. 6. (a)** The department shall do the following:

- 41       (1) Accept applications from entities interested in sponsoring
- 42       certified programs on forms prescribed by the department.

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(2) Investigate each applicant to determine the suitability of the applicant to sponsor a certified program.

(3) Impose an application fee in an amount sufficient to pay the costs incurred in processing the application and investigating the applicant.

(b) The department may adopt rules under IC 4-22-2 to administer this chapter.

Sec. 7. (a) The department of education shall review the secondary school curriculum component of each proposed certified program. The department may not approve a proposed certified program unless the department of education approves the applicant's proposed secondary school curriculum.

(b) Upon the request of the department, the department of education shall:

(1) consult with the department before the adoption of rules under section 6 of this chapter; and

(2) provide any other assistance to the department.

Sec. 8. The department may not approve a certified program unless the following requirements are met:

(1) The program must be conducted under an organized, written plan embodying the terms and conditions of employment, job training, classroom instruction, and supervision of one (1) or more participants, subscribed to by a sponsor who has undertaken to carry out the certified program.

(2) The program must comply with all state and federal laws pertaining to the workplace.

(3) The certified program agreement must provide that the sponsor or an employer participating in the program in cooperation with the sponsor agrees to assign an employee to serve as a mentor for a participant. The mentor's occupation must be in the same career pathway as the career interests of the participant.

(4) The program must comply with any other requirement adopted by rule by the department.

Sec. 9. (a) A certified program must comply with the terms of a written agreement among the sponsor, each participant, and each cooperating employer. Except as provided in sections 10 and 11 of this chapter, each agreement must contain the following:

(1) The names and signatures of:

(A) the sponsor;

(B) the employer (if the employer is an entity other than

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the sponsor); and

(C) the participant and the participant's parent or guardian if the participant is a minor.

(2) A description of the career field in which the participant is to be trained and the beginning date and duration of the training.

(3) The employer's agreement to provide paid employment for the participant at a base wage which may not be less than the minimum wage prescribed by the federal Fair Labor Standards Act during the participant's junior and senior years in high school.

(4) The employer's agreement to assign an employee to serve as a mentor for a participant. The mentor's occupation must be in the same career pathway as the career interests of the participant.

(5) An agreement between the participant and employer concerning specified minimum academic standards that must be maintained throughout the participant's secondary education.

(6) The participant's agreement to work for the employer for at least two (2) years following the completion of the participant's secondary education.

(b) An agreement described in subsection (a)(6) may be modified to defer the participant's employment with the employer until after the participant completes an appropriate amount of postsecondary education as agreed to by the participant and the employer.

**Sec. 10. (a) If a participant's desired career pathway requires postsecondary education, an agreement required under section 9 of this chapter may be modified to include the following:**

(1) The employer's agreement to provide paid employment for the participant at a base wage which may not be less than the minimum wage prescribed by the federal Fair Labor Standards Act during the participant's postsecondary education.

(2) An agreement that in addition to the base wage paid to the participant, the employer shall pay an additional sum to be held in trust to be applied toward the participant's postsecondary education.

(3) The participant's agreement to work for the employer for at least two (2) years following the completion of the participant's postsecondary education.

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(b) The additional amount described in subsection (a)(2) must not be less than an amount determined by the department to be sufficient to provide payment of tuition expenses toward completion of not more than two (2) academic years at an institution of higher learning. The amount shall be held in trust for the benefit of the participant under rules adopted by the department. Payment into a fund approved under the federal Employee Retirement Income Security Act of 1974 for the benefit of the participant satisfies this requirement. The approved fund must be specified in the agreement.

Sec. 11. (a) If a participant enters a certified program following the completion of the participant's secondary education, the agreement required under section 9 of this chapter must be modified to include the following:

(1) The employer's agreement to provide paid employment for the participant at a base wage which may not be less than the minimum wage prescribed by the federal Fair Labor Standards Act during the participant's postsecondary education.

(2) An agreement that in addition to the base wage paid to the participant, the employer shall pay an additional sum to be applied toward the participant's postsecondary education. This amount may be paid directly to the participant's institution of higher learning on behalf of the participant.

(3) The participant's agreement to work for the employer for at least two (2) years following the completion of the participant's postsecondary education.

(b) The additional amount described in subsection (a)(2) must not be less than an amount determined by the department to be sufficient to provide payment of tuition expenses toward completion of not more than two (2) academic years at an institution of higher learning.

Sec. 12. If a participant does not complete the certified program contemplated by the agreement before entering a postsecondary education program, the money being held in trust for the participant's postsecondary education shall be paid back to the employer.

Sec. 13. If a participant does not complete the certified program contemplated by an agreement described in section 9, 10, or 11 of this chapter after entering a postsecondary education program, any unexpended funds being held in trust for the participant's postsecondary education shall be paid back to the employer. In

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1 addition, the participant must repay to the employer amounts paid  
2 from the trust that were expended on the participant's behalf for  
3 the participant's postsecondary education.

4 **Sec. 14. If a participant does not complete the two (2) year**  
5 **employment obligation required under an agreement described in**  
6 **section 9, 10, or 11 of this chapter, the participant shall repay to**  
7 **the employer the amount paid by the employer toward the**  
8 **participant's postsecondary education expenses under this chapter.**

9 **SECTION 17. [EFFECTIVE UPON PASSAGE] (a)**  
10 **Notwithstanding IC 4-12-10, for the period beginning July 1, 2003,**  
11 **and ending June 30, 2005, grants of two hundred thousand dollars**  
12 **(\$200,000) shall be made to:**

13 **(1) East Central Indiana technology transfer program; and**

14 **(2) Southwestern Indiana technology transfer program;**

15 **for their use in establishing and operating technology talent**  
16 **programs.**

17 **(b) This SECTION expires December 31, 2005.**

18 **SECTION 18. [EFFECTIVE JANUARY 1, 2003**  
19 **(RETROACTIVE)] The credit against a taxpayer's state tax liability**  
20 **provided under IC 6-3.1-25, as added by this act, applies to taxable**  
21 **years beginning after December 31, 2002.**

22 **SECTION 19. [EFFECTIVE UPON PASSAGE] (a) As used in this**  
23 **SECTION, "department" refers to the department of workforce**  
24 **development.**

25 **(b) Notwithstanding IC 22-4.1-7-7, as added by this act, the**  
26 **department, in consultation with the department of education, shall**  
27 **adopt rules to implement IC 22-4.1-7, as added by this act, in the**  
28 **same manner as emergency rules are adopted under**  
29 **IC 4-22-2-37.1. Any rules adopted under this SECTION must be**  
30 **adopted not later than September 1, 2003. A rule adopted under**  
31 **this SECTION expires on the earlier of:**

32 **(1) the date a rule is adopted by the department, in**  
33 **consultation with the department of education, under**  
34 **IC 4-22-2-24 through IC 4-22-2-36 to implement IC 22-4.1-7,**  
35 **as added by this act; or**

36 **(2) January 1, 2005.**

37 **(c) Notwithstanding IC 6-3.1-25-9, as added by this act, the**  
38 **department may:**

39 **(1) certify an internship program under IC 22-4.1-7, as added**  
40 **by this act, with respect to which a taxpayer wishes to claim**  
41 **a credit under IC 6-3.1-25-9, as added by this act, for payroll**  
42 **expenditures made during a taxable year beginning before**

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1       **January 1, 2004, to a student participating in the internship**  
2       **program; and**  
3       **(2) make the certification of the internship program under**  
4       **IC 22-4.1-7, as added by this act, effective as of a date before**  
5       **January 1, 2004.**  
6       **(d) This SECTION expires December 31, 2005.**  
7       **SECTION 20. An emergency is declared for this act.**

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